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SUBJECT: BRAZIL: AECIO NEVES WITHDRAWS FROM PRESIDENTIAL RACE

REF: RIO DE JANEIRO 340; BRASILIA 1250; SAO PAULO 551

¶1. (SBU) In a press conference on December 17, Minas Gerais governor A????cio Neves officially terminated his "pre-candidacy" for the Brazilian Social Democratic Party (PSDB) nomination in Brazil's 2010 Presidential elections, effectively leaving the PSDB field to Sao Paulo governor Jose Serra. Governor Neves is expected to run for the federal senate in 2010, although he has not yet declared intentions. Neves' associates continue to assert that he has no interest in being a vice-presidential candidate on Serra's ticket, the hopeful expectation of many in the PSDB.

¶2. (SBU) Sao Paulo and Minas Gerais contacts agree that Neves quit the race because, having made little ground against Serra in the polls and with no sign that PSDB would make a decision on its candidate any time soon, he decided that he did not have time to pull together the support to make a successful run. While Sao Paulo analysts and PSDB federal deputies in Brasilia told us that they believe Neves can be convinced to run as Serra's vice, political and journalist contacts in Belo Horizonte closer to Neves remain adamant that Neves will not accept any such offer. A PSDB congressional contact confirmed that Neves made inquiries this week to confirm whether he would be assured the presidency of the Federal Senate if PSDB is able to win enough seats in next year's elections.

¶3. (SBU) Comment: In an October meeting with Rio Principal Officer, Neves indicated he would force the issue of selecting a PSDB candidate by the end of 2009 or early 2010; Serra was widely reported to prefer delay in a formal selection until March 2010. The persistent strong performance of Jos???? Serra in the polls against PT pre-candidate and Lula prot????g???? Dilma Rousseff and Neves' desire to remain in good standing with his party in the interest of his current and future ambitions appear to be factors in his decision. Rio-based analysts have also speculated that Neves' withdrawal now affords him the tactical option of re-entering the race later as a white knight capable of saving PSDB fortunes should Serra's candidacy begin to flounder in early 2010.

¶4. (SBU) Comment continued: Further, although Neves announced his intention to run for Senate and a lack of interest in the VP slot with Serra, it would not be prudent to discard the possibility that Neves might yet be lured into the VP position. Serra's age and Neves' star power (derived from his youthful charisma, relationship to the late Tancredo Neves, and popularity in Minas and nationally) suggest a possible scenario wherein a PSDB victory in 2010 with a Serra-Neves ticket (which polls indicate would be a strong one) could be the basis for a deal in which Neves is promised PSDB support for his candidacy in the 2014 presidential contest. End

comment.

15. (U) This message was coordinated between Consulate General Rio de Janeiro, Consulate General Sao Paulo and Embassy Brasilia.
KUBISKE